

**Main Questions and Answers Related to  
the First Quarter Results of the Fiscal Year Ending March 31, 2024**

Q: Tell us about the progress of the operating income in the fourth quarter toward the plan.

A: The performance progressed almost as planned on a company-wide basis. The Healthcare segment fell short of the plan by 3.0 to 4.0 billion yen. This is mainly due to the 5.0 billion yen write-downs recorded on components and consumables, which were secured in advance for the Bio CDMO and Life Science businesses in response to a longer procurement lead time during the COVID-19 pandemic, as their shelf life was nearing its end. The Materials segment fell short of the plan by 4.0 to 5.0 billion yen, mainly hit by the stagnant semiconductor market and lower printing demand. The Business Innovation and Imaging segments both exceeded the plan by approx. 3.0 billion yen and approx. 5.0 billion yen respectively, due to favorable business performance as well as cost reductions and worldwide price revisions.

Q: Tell us about the financial performance of the Bio CDMO business in the first quarter as well as the outlook.

A: Revenue in the first quarter increased year-over-year. In terms of modality, contract manufacturing of antibody drugs, which accounts for about 70% of its revenue, showed solid growth. Its revenue increased by more than 20% year-over-year, excluding exchange rate impacts, despite production capacity remains unchanged from the previous fiscal year, as we improved productivity by minimizing the time required for quality assurance and quality control validation, which are required when switching production batches. On the other hand, we faced sluggish orders for contract manufacturing of gene therapy and cell therapy drugs, which accounts for about 15% of its revenue, reflecting difficult fundraising climate for biotech venture customers. Although we expect severe market condition to continue for some time, we will focus on this business where the medium to long-term growth is expected. Operating income decreased year-over-year, while profitability remains unchanged on an operational basis excluding inventory write-downs. Going forward, we will ensure the launch of 20,000-liter bioreactors, for which we are making capital expenditure, and which will contribute to further earnings growth. Contract negotiations for the 20,000-liter bioreactors scheduled to begin operations in FY2025 at the U.S. North Carolina site and those scheduled to begin operations in FY2026 at the Denmark site are all in progress, aiming to conclude contracts in the second half of this fiscal year.

Q: What is your medium-term growth plan for the Medical Systems business?

A: Revenue forecast for the Medical Systems business in FY2023 is 650 billion yen. We strive to grow the business at an annual rate of 6-7%, aiming for 1 trillion yen in revenue and operating margin of high teens in FY2030. We are confident to achieve our medium-term revenue target of 700 billion yen in

FY2026. We will increase operating margin by reorganizing group companies in Japan, which will lead to improved productivity through increased coverage per service staff as well as speedy and efficient maintenance service to be realized by utilizing AI chatbots and other technologies. Furthermore, medical IT and endoscopes will drive future growth. We will implement AI in our Picture Archiving Communication System (PACS), which has the largest share of the Japan domestic market, and combine it with our wide-ranging diagnostic imaging products. Sales of endoscopes were also strong, with slightly less than 30% year-over-year growth. Particularly, sales in China grew significantly, with slightly less than 50% year-over-year growth.